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UNCLAS TEL AVIV 001025

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

The media began describing President Bush's visit to Israel starting Wednesday. A headline in Yediot reads: "Bush-Mania Is Back."

All media reported that Egyptian intelligence chief Omar Suleiman will present the Gaza cease-fire proposal today to Prime Minister

Olmert, Defense Minister Barak, and Foreign Minister Livni. Yediot reported that Ofer Dekel, PM Ehud Olmert's special envoy on a prisoner swap, wrote Olmert and Barak to say that if Israel does not demand the release of Gilad Shalit as part of the agreement with Hamas, it would mean that they have given up on him. Yediot cited Egypt's belief that this agreement is the last chance to avoid a large-scale Israeli incursion into Gaza. Ha'aretz reported that PM Olmert is expected to visit Egypt in the coming weeks and discuss Gaza as well as the state of the post Annapolis negotiations with President Hosni Mubarak.

Ha'aretz reported that according to sources involved in the probe into Olmert, the investigation is focusing on hundreds of thousands of dollars that American businessman and fund-raiser Morris Talansky gave to Olmert while Olmert was Minister of Trade and Industry and not as Olmert claimed, on supposed campaign contributions from Talansky while Olmert was the Mayor of Jerusalem. According to the sources, Olmert was not involved in any political campaign at the time of these alleged payments. Ha'aretz has additionally learned that the debts of an organization that campaigned for Olmert's election as mayor of Jerusalem were covered out of funds received from Talansky. In an interview with Channel 10-TV on Sunday, Talansky "emphatically" denied that he bribed Olmert.

Maariv cited the concern of Kadima members that Olmert will push FM Livni to the wall and make her resign. They were quoted as saying that Livni does not back Olmert and that she will pay for this in elections, even if Olmert is not Kadima's candidate. However, Maariv quoted senior Kadima members as saying that if Olmert forces Livni to resign, the party will crumble. Maariv said that if Livni goes, the big winner may be Shaul Mofaz, who would take over the post of FM.

Yediot quoted IDF Intelligence head Maj. Gen. Amos Yadlin as saying at Sunday's weekly cabinet session that Iran pushed Hizbullah into acting. Maariv reported that acceding to U.S. pressure, Israel agreed to reduce IAF flights over Lebanon to a bare minimum.

The Jerusalem Post and Israel Hayom emphasized Lebanese PM Fouad Siniora's comment on Sunday: "Even the Israeli enemy never dared to do to Beirut what Hizbullah has done." Ha'aretz reported that Vice PM Haim Ramon told cabinet members yesterday that Lebanon must be viewed as a "Hizbullah state," after the Shi'ite guerilla group seized control of the western part of Beirut over the weekend. "Lebanon has no government. It is a fiction, there is only Hizbullah," Ramon was quoted as saying.

Yediot reported that PM Olmert will leave for the U.S. on May 31 for a five-day visit to attend AIPAC's annual convention.

Ha'aretz and Yediot featured the aircraft carrier USS Harry S. Truman -- according to Ha'aretz, "first and foremost a magnificent fighting machine" -- currently cruising between Israel and Cyprus. On Sunday Ha'aretz and The Jerusalem Post reported that the Bush administration appears set to offer Israel a powerful radar system that could greatly boost Israeli defenses against enemy ballistic missiles. The Jerusalem Post reported that President Bush is expected to discuss the issue during his visit this week.

On Sunday Makor Rishon-Hatzofe reported that the IDF is concerned over the sharing of information and the joint learning process among the extremist elements surrounding Israel -- Iran, Syria, Hizbullah and Palestinian terror organizations in the West Bank and Gaza. The newspaper also said that the U.S. is suffering from this military cooperation.

Leading media quoted Democratic presidential candidate Senator Barack Obama as saying during a surprise appearance at the Israeli Embassy's celebration of Israel's 60th anniversary that the U.S.-Israel friendship is "unbreakable." The Jerusalem Post reported that a new Gallup survey found that 61% of Jewish voters prefer Obama to Sen. John McCain, who got 32% of the Jewish support.

Israel Radio reported that two improved Qassam rockets landed in Ashkelon this morning. All media reported that Jimmy Kedoshim, a member of Kibbutz Kfar Aza, was killed in a mortar attack on Friday. Media reported that IDF retaliations killed five Hamas men. Media

reported that an IDF/police investigation found that a Palestinian, who was shot to death on Friday near a cave north of Ramallah where Israelis were hiking, was killed by Israeli gunfire.

Ha'aretz reported that Gaza's only power plant has been shut down since Saturday afternoon due to a lack of fuel, and that the Strip's bakeries announced Sunday that they would shut down as well because of a lack of fuel to run their ovens. As a result of the power plant's shutdown, almost a third of Gaza's residents are without electricity. Israel has not transferred fuel to Gaza since last Wednesday, just before the Independence Day holiday began. Maariv reported that Hamas has recently inaugurated the "Palestine Cavalry Unit" -- because of the fuel shortage.

Ha'aretz reported that a new winery is currently being set up in the West Bank, in an area three kilometers from Migron, an outpost that the state promised the Supreme Court would be removed by August.

Maariv reported that Al-Azhar University-associated Muslim scholars in Cairo have issued an edict forbidding the sale of Egyptian gas to Israel.

Ha'aretz reported that yesterday several dozen Palestinian refugees, public figures, and Israeli left-wing activists toured the West Jerusalem neighborhoods of Talbieh and Baka to mark the 60th anniversary of the Nakba.

The Jerusalem Post and Ha'aretz reported that Shmuel Katz in The Jerusalem Post's words, a "historic figure of the Zionist Right" -- died on Friday in Tel Aviv, at the age of 93.

Yediot presented the results of a Mina Zemach (Dahaf Institute) poll, which show that 59% of Israelis believe that PM Olmert should resign.

Asked about their voting intentions if Livni heads Kadima in the next elections, the respondents said they favor Kadima granting it the equivalent of 27 Knesset mandates; Labor would get 15 mandates; and Likud 23.

Mideast:

Summary:

Senior op-ed writer Akiva Eldar commented in the independent, left-leaning Ha'aretz: "Not only have matters not improved since ... Annapolis ... since then, the occupation has been progressing, while the vision of two states has been receding."

Ha'aretz editorialized: "Faced with ... two threats, from both north and south, Israel can no longer sit with arms folded or make do with military bombast. It must also examine the diplomatic alternatives and make immediate and wise use of them while they still exist."

Veteran columnist and anchor Yaron London wrote in the mass-circulation, pluralist Yediot Aharonot: "Contrary to those who believe that we should not have launched the [Second Lebanon] War or that it should have been reduced to a short and deterring retaliatory strike, I believe that had we been better at forecasting what we could expect, we would have expanded the war's goals and defined them as weakening Hizbullah's strength to such an extent that it would not be able to restore it for some years."

The Director of the Interdisciplinary Center's Global Research in International Affairs Center, columnist Barry Rubin, wrote in the conservative, independent Jerusalem Post: "Iran and Syria back their friends with weapons and help; the West responds with words backed by nothing. Who can blame Hizbullah and Damascus and Tehran for laughing in contempt?"

Diplomatic correspondent Herb Keinon and military correspondent Yaakov Katz wrote on the first page of the conservative, independent Jerusalem Post: "If Hizbullah takes over Lebanon and uses it to stage attacks on Israel, Jerusalem would have no compunction about striking at Lebanon's infrastructure, something it was hesitant to do during the Second Lebanon War."

Block Quotes:

I. "Bush Should Stay Home"

Senior op-ed writer Akiva Eldar commented in the independent, left-leaning Ha'aretz (5/12): "If George Bush were a true friend of Israel, he would seize the investigation against Prime Minister Ehud Olmert as an excuse to stay home tomorrow. Unless he has a rabbit in his hat, this will be the third time in the past half year that the President of the U.S. shows the Palestinians and the entire Arab world that they are wasting their time by trying to end the occupation by peaceful means. Not only have matters not improved since he troubled dozens of leaders from around the world to come to Annapolis in late November, 2007; since then, the occupation has been progressing, while the vision of two states has been receding. The number of new buildings erected in the settlements in the last few months rivals only the number of roadblocks that have been added since Bush last visited Jerusalem, in January. Bush is an accomplice to an offense far worse than all of the criminal offenses of which Olmert is suspected combined. Every speech made by the President is one more bit of exposure of the nakedness of the Palestinian circles who tied their collective fate to the Annapolis declaration, which pledged to 'make every effort to conclude an agreement before the end of 2008.' In light of the stasis in the negotiations, Palestinian President Mahmoud Abbas (Abu Mazen) seems likely to resign even before Olmert does. The failed gamble of the United States also undermines the standing of leaders in Egypt, Saudi Arabia and Jordan."

II. "Bypassing the Factions"

Ha'aretz editorialized (5/12): "On its northern border, Israel is facing a country controlled less by its government than by a dangerous organization. And within Lebanon itself, there is not much Israel can do about this situation, either militarily or diplomatically. However, it has another alternative: Prompt, serious engagement in diplomatic negotiations with Syria could create an envelope around Lebanon that would significantly reduce Hizbullah's ability to act against Israel. Granted, Syria cannot be expected to sever its ties with either Iran or Hizbullah. But when a country that is allied with Iran and gives aid to Hizbullah is not 'embarrassed' to declare its desire to forge a peace and security pact with Israel, it thereby presents a genuine strategic alternative. However, it is not just on its northern border that Israel faces an organization in control of a state. In Gaza, Hamas continues to hold the reins of government and to determine not only its own military response to Israel, but also the nature of Israel's relationship with its neighbors, especially Egypt. But as with Hizbullah in Lebanon, in Gaza, too, Israel has an opportunity that must not be missed to deal with the political monopoly that Hamas is gradually consolidating for itself: advancing negotiations with the Palestinian Authority and demonstrating its determination to fulfill all the conditions of the Roadmap peace plan. Even removing sanctions on Gaza, which have thus far not proven effective, might do much to neutralize Hamas's political leverage. Faced with these two threats, from both north and south, Israel can no longer sit with arms folded or make do with military bombast. It must also examine the diplomatic alternatives and make immediate and wise use of them while they still exist."

III. "The Syrian Option"

Veteran columnist and anchor Yaron London wrote in the mass-circulation, pluralist Yediot Aharonot (5/12): "Hizbullah did not wait for its constant pressure and measured steps to topple the secular government, influenced by the democratic traditions of the West. Rather, it launched an exercise to take control of the capital, and if it can control the capital, that is the same as controlling the entire country. The street battles in Beirut proved once again just how powerless Hizbullah's rivals are. The Sunni Arab states and the superpowers in the West did not threaten with military intervention and sufficed with a call to the warring sides to settle their differences by means of negotiations. The execution of sentence has been slightly delayed because, for the time being Hizbullah would prefer to rule without taking on the responsibility required of a ruling party. But as soon as its leaders want it,

Hizbullah will grab the reins and we will be sitting next to a benighted Shi'ite regime, Iran's forward outpost. This outpost is equipped with tens of thousands of rockets that have all of Israel's population centers within range, and when it fully seizes power, it will also enjoy territorial depth and will have seaports and an airport at its disposal. Against this background, we must reexamine the causes and the purpose of the two wars in Lebanon. In the first, we forged a sterile alliance with the receding element of the Lebanese population and we missed an opportunity to win the trust of the Shiite element. In the second, we did not define our goals properly and did not properly evaluate the ability of the enemy. Contrary to those who believe that we should not have launched the war or that it should have been reduced to a short and deterring retaliatory strike, I believe that had we been better at forecasting what we could expect, we would have expanded the war's goals and defined them as weakening Hizbullah's strength to such an extent that it would not be able to restore it for some years. What we didn't do then, we will have to do under more difficult conditions, unless we make peace with Syria."

IV. "As Lebanon Turns into Gaza"

The Director of the Interdisciplinary Center's Global Research in International Affairs Center, columnist Barry Rubin, wrote in the conservative, independent Jerusalem Post (5/12): "While America's secretary of state devotes her time to doomed Israel-Palestinian talks and America goes gaga over a candidate whose entire foreign policy strategy is to talk to dictators, yet another crisis is empowering radical Islamists and undercutting Western friends and interests. The Lebanese logjam has broken at last as Hizbullah seized Beirut and inflicted a major defeat on the government. Hizbullah is pulling a more limited version of Hamas's Gaza strategy in Lebanon as the world stands by. Iran and Syria back their friends with weapons and help; the West responds with words backed by nothing. Who can blame Hizbullah and Damascus and Tehran for laughing in contempt?.... This is Hizbullah's program: a new Lebanese consensus based on 51% of power for itself and its pro-Syrian allies. What's needed isn't consensus (equivalent to getting Fatah-Hamas cooperation or an Iraq coordinated with Iran and Syria) but winning a conflict. Instead, Obama is -- whether he knows it or not -- backing a Syrian-Iranian- and Hizbullah-dominated Lebanon. Such talk makes moderate Arabs despair. When Obama says he'll make Syria and Iran partners in setting Iraq's future, he is signaling every Persian Gulf regime to cut its own deal with Iran.... This does not mean that Obama is the candidate favored by Arabs in general; he is favored only by the radicals. Egyptians, Jordanians, Gulf Arabs, and the majorities in Lebanon and Iraq are very worried. This is not just an Israel problem. It is one for all non-extremists in the region. If the dictators and terrorists are smiling, it means everyone else is crying."

IV. "Israel Eyes both Dangers, Opportunities in a Hizbullah Takeover of Lebanon"

Diplomatic correspondent Herb Keinon and military correspondent Yaakov Katz wrote on the first page of the conservative, independent Jerusalem Post (5/12): "If Hizbullah takes over Lebanon and uses it to stage attacks on Israel, Jerusalem would have no compunction about striking at Lebanon's infrastructure, something it was hesitant to do during the Second Lebanon War for fear of toppling the democratic government in Beirut, diplomatic sources said on Sunday. According to the officials, while Hizbullah control of Lebanon would pose enormous challenges for Israel, it would provide opportunities for the IDF in that infrastructure targets considered out of bounds while Lebanese Prime Minister Fuad Siniora was in control would suddenly be fair play if Hizbullah leader Hassan Nasrallah were making the decisions."

JONES